

Town of Addis, Louisiana

Annual Financial Report

**As of and For the Year ended
December 31, 2013**

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the Town Council
Addis, Louisiana

Report on Financial Statements

I have audited the accompanying financial statements of the governmental activities, business-type activities and each major fund of the Town of Addis, Louisiana, ("the Town") as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities and each major fund of the Town of Addis, Louisiana as of December 31, 2013, and the respective changes in financial position thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Prior Year Summarized Comparative Totals

The prior year summarized comparative information has been derived from the Town's 2012 financial statements and, in my report dated July 9, 2013, I expressed an unmodified opinion on the respective financial statements of the governmental activities, business-type activities and each major fund.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis budgetary comparison information on pages 3 through 9, and pages 33 and 34, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued a report dated August 29, 2014, on my consideration of the Town's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

W. Kathleen Beard

Certified Public Accountant
August 29, 2014

REQUIRED SUPPLEMENTARY INFORMATION
Management's Discussion and Analysis

Town of Addis, Louisiana
Management's Discussion and Analysis (Unaudited)
December 31, 2013

We offer the readers of the financial statements of the Town of Addis, Louisiana, this narrative overview and analysis of the financial activities of the Town of Addis (hereafter referred to as the "Town") for the fiscal year ended December 31, 2013.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2013 fiscal year include the following:

- The Town's assets exceeded its liabilities at the close of the fiscal year by \$9,645,164 (net position). Of this amount, \$1,668,231 (unrestricted net position) may be used to meet the government's obligations to citizens and creditors.
- The Town's total net position increased by \$98,266 for the year ended December 31, 2013. Net position of governmental activities increased by \$159,945, and net position of business-type activities decreased by \$61,680.
- As of the close of the current fiscal year, the Town's governmental fund reported an ending fund balance of \$1,484,885, an increase of \$166,626 in comparison with the prior fiscal year. This entire amount was unreserved, undesignated, and available for spending.
- At the end of the current fiscal year, unreserved, undesignated fund balance for the General Fund was \$1,484,885 or 66.9% of total General Fund expenditures.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business, and are reported in two government-wide financial statements:

The **Statement of Net Position** presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The **Statement of Activities** presents information showing how the Town's net position changed during the most recent fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Town's distinct activities or functions on revenues provided by the Town's taxpayers.

The Town's government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The Town's governmental activities include general government, public safety, streets and roads. The business-type activities of the Town include sanitary sewer facilities.

Fund Financial Statements:

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related laws and regulations. The Town's funds are classified into two categories: governmental funds and proprietary funds.

Governmental Funds: These funds are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. The focus is very different with fund statements providing a distinctive view of the Town's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

The focus of governmental funds is narrower than that of the government-wide financial statements; therefore, a comparison should be made between the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. This will present a better understanding of the long-term impact of the government's near-term financing decisions.

The Town maintains a General governmental fund which covers the operations of the Town, including police protection services for citizens, maintenance of streets and roads, and the general administrative office.

The Town adopts an annual appropriated budget for its General fund. A budgetary comparison statement has been provided for the General fund to demonstrate compliance with this budget.

Proprietary funds: The Town maintains one type of proprietary fund—*Enterprise*. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses an enterprise fund to account for its sanitary sewer facilities activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

Notes to the Financial Statements. The notes included in this report provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceed liabilities by \$9,645,164 at December 31, 2013.

A large portion of the Town's net position (82 percent) reflects its investment in capital assets (e.g., land, buildings, furniture and fixtures, machinery, vehicles and equipment), less any related debt used to acquire those assets that are still outstanding. The Town used these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities.

A condensed version of the Town's Net Position is presented as follows:

	Government Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 1,592,229	\$ 1,402,652	\$ 196,585	\$ 148,589	\$ 1,788,814	\$ 1,551,241
Capital assets	3,303,243	3,335,203	5,972,124	6,149,883	9,275,367	9,485,086
Total assets	4,895,472	4,737,855	6,168,709	6,298,472	11,064,180	11,036,327
Current and other liabilities	60,901	63,231	80,115	74,198	141,016	137,429
Long-term liabilities	-	-	1,278,000	1,352,000	1,278,000	1,352,000
Total liabilities	60,901	63,231	1,358,115	1,426,198	1,419,016	1,489,429
Net position:						
Net Investment						
in Capital Assets	3,303,244	3,335,203	4,620,123	4,724,884	7,923,367	8,060,087
Restricted for debt service	-	-	53,566	27,514	53,566	27,514
Unrestricted	1,531,326	1,339,422	136,905	119,877	1,668,231	1,459,298
Total net position	\$ 4,834,570	\$ 4,674,624	\$ 4,810,594	\$ 4,872,274	\$ 9,645,164	\$ 9,546,898

The balance of unrestricted net position, \$1,668,231, may be used to meet the government's ongoing obligations to citizens and creditors.

At December 31, 2013, the Town is able to report positive fund balances in all categories of net position for governmental activities and business activities.

The Town's net position increased by \$98,266 during the current fiscal year.

A condensed version of the Town of Addis's Statement of Activities is presented as follows:

	Government Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues						
Program revenues:						
Charges for services	\$ 264,921	\$ 112,922	\$ 491,201	\$ 418,786	\$ 756,122	\$ 531,708
Grants and contributions	1,760	1,800	-	-	1,760	1,800
Capital grants and contributions	20,000	-	-	-	20,000	-
General revenues:						
Sales taxes	1,868,624	1,819,025	-	-	1,868,624	1,819,025
Other taxes	221,764	183,394	-	-	221,764	183,394
Licenses and permits	-	133,232	-	-	-	133,232
Other general revenues	(2,568)	47,721	-	-	(2,568)	47,721
Total revenues	2,374,501	2,298,094	491,201	418,786	2,865,702	2,716,880
Expenses						
General government	703,810	741,563	-	-	703,810	741,563
Public safety	1,027,681	1,005,298	-	-	1,027,681	1,005,298
Roads and drainage	483,066	451,621	-	-	483,066	451,621
Water, sewage and gas	-	-	552,881	554,612	552,881	554,612
Total expenses	2,214,557	2,198,482	552,881	554,612	2,767,438	2,753,094
Change in net position	159,945	99,612	(61,680)	(135,827)	98,266	(36,215)
Net position, beginning of year	4,674,624	4,575,012	4,872,274	5,008,101	9,546,898	9,583,113
Net position, end of year	\$ 4,834,570	\$ 4,674,624	\$ 4,810,594	\$ 4,872,274	\$ 9,645,164	\$ 9,546,898

GOVERNMENTAL FUND FINANCIAL ANALYSIS

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

As a measure of the Town's liquidity, it may be useful to compare fund balance to total expenditures. Fund balance represents 67% of total fund expenditures.

During the current year, the fund balance of the Town increased by \$166,626.

Proprietary Funds. The Town's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. As noted above, the Town maintains one enterprise fund for its sanitary sewer facilities activities. For the fiscal year ended December 31, 2013, this fund reported net assets of \$4,810,594, which is a net decrease from the prior year of \$61,680.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Town received \$148,544 more than its budgeted revenues. Total expenditures were less than the final amended budget by \$18,082, resulting in a \$166,626 favorable variance.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: The Town's investment in capital assets for its governmental and business type activities as of December 31, 2013 amounts to \$9,275,367 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, and wastewater treatment plant.

Major capital asset events during the current fiscal year included the following:

- \$157,274 was spent on the Peter Messina Road Improvement Project

Town of Addis's Capital Asset

	Government Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 208,338	\$ 208,338	\$ 16,755	\$ 16,755	\$ 225,093	\$ 225,093
Land rights	-	-	42,921	42,921	42,921	42,921
Construction in progress	-	12,271	-	-	-	12,271
Improvements other than buildings	2,061,572	1,872,606	-	-	2,061,572	1,872,606
Buildings and structures	844,006	844,006	82,419	82,419	926,425	926,425
Museum	196,669	196,669	-	-	196,669	196,669
Historic railroad park	771,457	771,457	-	-	771,457	771,457
Water System	1	1	-	-	1	1
Sewer facility	-	-	8,302,024	8,270,112	8,302,024	8,270,112
Furniture and fixtures	33,182	33,182	-	-	33,182	33,182
 Vehicles						
Town	25,254	25,254	40,819	40,819	66,073	66,073
Fire Department	229,175	229,175	-	-	229,175	229,175
Police	325,798	355,231	-	-	325,798	355,231
 Machinery and equipment						
Town	409,852	406,352	276,069	276,069	685,921	682,421
Police	122,271	122,271	-	-	122,271	122,271
Website	12,195	9,870	-	-	12,195	9,870
Works of art	9,343	9,343	-	-	9,343	9,343
 Subtotal	5,249,112	5,096,025	8,761,006	8,729,094	14,010,118	13,825,119
 Less: Accumulated depreciation	(1,945,868)	(1,760,822)	(2,788,884)	(2,579,211)	(4,734,752)	(4,340,033)
 Total Capital Assets, net of A/D	\$ 3,303,244	\$ 3,335,203	\$ 5,972,123	\$ 6,149,884	\$ 9,275,367	\$ 9,485,086

Long-term Debt:

The Department of Environmental Quality (DEQ) project to upgrade the wastewater treatment plant began in 2010 and is financed by issuance of \$1,569,060 Sewer Revenue Bonds Series 2010. The bonds were purchased by the Clean Water State Revolving Fund (CFDA 66.458) administered by the Louisiana Department of Environmental Quality. All projects were completed during 2012 and the Town had received loan proceeds in the amount of \$1,569,060. As of December 31, 2013, the outstanding loan balance was \$1,352,000.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Generally, the outlook for 2014 is favorable as far as income is concerned. The sales tax received for the year are budgeted conservatively and will hopefully surpass those budgeted.

Health insurance premiums were increased by 15% due to yearly increase by the insurance company, and employees were given a 4% raise in salaries. Police retirement increased .5% due to increase in the percentage the Town has to contribute to the officers' retirement. These items should be adequately covered by expected income.

The Sewer budget was increased to accommodate the installation of a monitoring system for the Town's lift stations. Health insurance was increased 15% due to the Town's increase in premiums and the employees were given a 4% increase in salaries. Plans are being considered to increase income in the coming year. The Town has agreed to transfer \$20,000 to the Enterprise Fund to help raise the final income for the year.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to Vera Lucas, Town Clerk, at (225) 687-4844.

BASIC FINANCIAL STATEMENTS

Town of Addis, Louisiana
Statement of Net Position
December 31, 2013 with summarized comparative totals for 2012

	Primary Government			2012
	Governmental	Business-type	Total	Totals
	Activities	Activities		
ASSETS:				
Cash and cash equivalents	\$ 820,007	\$ 45,419	\$ 865,427	\$ 667,635
Investments	388,858	-	388,858	470,303
Accounts receivable, net	257,395	37,696	295,091	229,345
Internal balances	74,246	(74,246)	-	-
Prepays	46,442	14,697	61,139	29,904
Inventory	-	45,453	45,453	53,541
Restricted cash and cash equivalents	5,281	127,566	132,847	100,514
Capital assets -				
Non-depreciable	208,338	59,676	268,014	280,285
Depreciable, net of accumulated depreciation	3,094,906	5,912,447	9,007,353	9,204,801
Total assets	4,895,472	6,168,709	11,064,180	11,036,327
LIABILITIES:				
Accounts payable	35,965	5,556	41,521	43,557
Accrued liabilities	13,948	559	14,507	14,830
Due to other governments	1,126	-	1,126	1,126
Refunds payable	1,545	-	1,545	-
Unearned revenue	3,035	-	3,035	4,915
Payable from restricted assets -				
Bonds payable	5,281	-	5,281	-
Long-term liabilities -				
Due within one year	-	74,000	74,000	73,000
Due in more than one year	-	1,278,000	1,278,000	1,352,000
Total liabilities	60,901	1,358,115	1,419,016	1,489,429
NET POSITION:				
Net investment in capital assets	3,303,244	4,620,123	7,923,367	8,060,087
Restricted for debt service	-	53,566	53,566	27,514
Unrestricted	1,531,326	136,905	1,668,231	1,459,298
Total net position	\$ 4,834,570	\$ 4,810,594	\$ 9,645,164	\$ 9,546,898

The accompanying notes to the financial statements are an integral part of this statement

Town of Addis
Statement of Activities
For the Year Ended December 31, 2013 with summarized comparative totals for 2012

Functions/Programs	Program Revenues				Net (Expense)Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			2012 Total
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities -								
General administration	\$ 703,810	\$ 159,481	\$ -	\$ -	\$ (544,329)	\$ -	\$ (544,329)	\$ (604,341)
Public safety	1,027,681	98,579	1,760	-	(927,342)	-	(927,342)	(901,426)
Public services	483,066	6,860	-	20,000	(456,206)	-	(456,206)	(444,761)
Total governmental activities	2,214,557	264,921	1,760	20,000	(1,927,876)	-	(1,927,876)	(1,950,528)
Business-type activities -								
Sewer user charges	552,881	491,202	-	-	-	(61,680)	(61,680)	(135,827)
Total business-type activities	552,881	491,202	-	-	-	(61,680)	(61,680)	(135,827)
General revenues								
General purpose sales and use tax					1,868,624		1,868,624	1,819,025
Franchise taxes					221,764	-	221,764	183,394
Other taxes					10,662	-	10,662	38,026
Investment income/(loss)					(5,030)	-	(5,030)	5,810
Other income					2,652	-	2,652	3,884
Gain/(Loss) on disposal of capital assets					(10,852)	-	(10,852)	-
Transfers out					-	-	-	-
Total general revenues, special items and transfers					2,087,821	-	2,087,821	2,050,139
Change in net position					159,945	(61,680)	98,266	(36,216)
Net position, January 1,					4,674,624	4,872,274	9,546,898	9,583,113
Net position, December 31,					\$ 4,834,570	\$ 4,810,594	\$ 9,645,164	\$9,546,898

The accompanying notes to the financial statements are an integral part of this statement.

Town of Addis, Louisiana
Balance Sheet
Governmental Funds - General Fund
December 31, 2013 with summarized comparative totals for 2012

	2013	2012
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 820,007	\$ 624,864
Investments	388,858	470,303
Receivables -		
Franchise tax	91,574	79,934
Other	1,279	1,571
Accrued interest	1,092	1,004
Due from other governments -		
Sales tax	153,429	127,698
Grants	8,653	-
Other	1,368	1,869
Due from other funds	74,246	74,246
Restricted Assets		
Cash	5,281	-
Total Assets	<u>\$ 1,545,786</u>	<u>\$ 1,381,490</u>
LIABILITIES AND FUND BALANCES		
Current Liabilities		
Accounts payable	\$ 35,965	\$ 42,272
Accrued liabilities	13,948	13,572
Due to other governments	1,126	1,126
Refunds payable	1,545	1,345
Unearned revenue	3,035	4,915
Total Current Liabilities	<u>55,620</u>	<u>63,231</u>
Payable from Restricted Assets		
Bonds payable	5,281	-
Total Payable from Restricted Assets	<u>5,281</u>	<u>-</u>
Total Liabilities	60,901	63,231
Fund Balances -		
Unassigned	<u>1,484,885</u>	<u>1,318,259</u>
Total Fund Balances	<u>1,484,885</u>	<u>1,318,259</u>
Total Liabilities and Fund Balances	<u>\$ 1,545,786</u>	<u>\$ 1,381,490</u>

The accompanying notes to the financial statements are an integral part of this statement.

Town of Addis, Louisiana
Reconciliation of the Balance Sheet to the Statement of Net Position
Governmental Funds
December 31, 2013 with summarized comparative totals for 2012

	<u>2013</u>	<u>2012</u>
Fund Balances - total governmental funds	\$ 1,484,885	\$ 1,318,259
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources therefore are not reported in governmental funds		
Governmental capital assets	5,249,112	5,096,025
Less: accumulated depreciation	<u>(1,945,868)</u>	<u>(1,760,822)</u>
	3,303,244	3,335,203
Prepaid insurance premiums in governmental activities are not recognized as expenditures for governmental funds	46,442	21,163
Net Position of Governmental Activities	<u>\$ 4,834,570</u>	<u>\$ 4,674,624</u>

The accompanying notes to the financial statements are an integral part of this statement.

Town of Addis, Louisiana
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds - General Fund
For the year ended December 31, 2013 with summarized comparative totals for 2012

	<u>2013</u>	<u>2012</u>
REVENUES:		
Taxes and licenses	\$ 154,071	\$ 133,232
Franchise fees	221,764	183,394
Intergovernmental revenue	1,901,046	1,858,851
Charges for services	12,270	10,850
Fines and forfeitures	98,579	102,072
Investment income/(loss)	(5,030)	5,810
Sale of fixed assets	500	-
Miscellaneous	2,653	3,884
Total revenues	<u>2,385,854</u>	<u>2,298,093</u>
EXPENDITURES:		
Current -		
General administration	642,076	670,656
Public safety	993,792	930,872
Public works	340,402	322,068
Dainage	19,883	20,174
Capital outlay	223,075	152,761
Debt service	-	10,000
Total expenditures	<u>2,219,228</u>	<u>2,106,532</u>
Excess Revenues Over (Under) Expenditures	<u>166,626</u>	<u>191,561</u>
Net Change in Fund Balances	166,626	191,561
FUND BALANCE:		
Beginning of Year	<u>1,318,259</u>	<u>1,126,697</u>
End of Year	<u>\$ 1,484,885</u>	<u>\$ 1,318,259</u>

The accompanying notes to the financial statements are an integral part of this statement.

Town of Addis, Louisiana
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities
Governmental Funds
December 31, 2013 with summarized comparative totals for 2012

	<u>2013</u>	<u>2012</u>
Net Change in Fund Balances - total governmental funds	\$ 166,626	\$ 191,561
Amounts reported for governmental activities in Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense.		
Capital outlays	223,075	152,761
Depreciation expense	(243,683)	(246,134)
	<u>(20,608)</u>	<u>(93,373)</u>
Expenditures that do not use current financial resources are not reported as expenses in the Statement of Activities		
Current prepaid insurance	46,442	21,163
Prior year prepaid insurance	(21,163)	(29,740)
Governmental funds report the proceeds from the sale of capital assets as revenues, however, in the statement of activities only gains or losses are reported		
Loss on the disposal of capital assets	(11,352)	
Payment of lease obligations and other debt payments is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets	-	10,000
	<u>-</u>	<u>10,000</u>
Change in Net Position of Governmental Activities	<u>\$ 159,945</u>	<u>\$ 99,612</u>

The accompanying notes to the financial statements are an integral part of this statement.

Town of Addis, Louisiana
Statement of Net Position
Proprietary Funds
December 31, 2013 with summarized comparative totals for 2012

	- Business-type Activities - Enterprise Fund - Sewer System	
	2013	2012
ASSETS		
Current assets -		
Cash and cash equivalents	\$ 45,419	\$ 42,771
Accounts receivable	37,696	17,268
Prepaid expenses	14,697	8,741
Inventory - tanks	45,453	53,541
Total Current Assets	<u>143,265</u>	<u>122,321</u>
Noncurrent assets -		
Restricted cash and cash equivalents	127,566	100,514
Capital assets -		
Non-depreciable	59,676	59,676
Depreciable, net of accumulated depreciation	5,912,447	6,090,207
Total Capital Assets	<u>5,972,123</u>	<u>6,149,884</u>
Total Noncurrent Assets	<u>6,099,690</u>	<u>6,250,398</u>
Total Assets	<u>\$ 6,242,955</u>	<u>\$ 6,372,719</u>
LIABILITIES		
Current liabilities -		
Accounts payable	\$ 5,556	\$ 1,285
Accrued liabilities	559	(87)
Due to other funds	74,246	74,246
Sewer revenue bonds payable	74,000	73,000
Total Current Liabilities	<u>154,360</u>	<u>148,445</u>
Long-term liabilities		
Sewer revenue bonds payable	1,278,000	1,352,000
Total Liabilities	<u>1,432,360</u>	<u>1,500,445</u>
NET POSITION		
Net investment in capital assets	4,620,123	4,724,884
Restricted for debt service	53,566	27,514
Unrestricted	136,905	119,877
Total Net Position	<u>\$ 4,810,594</u>	<u>\$ 4,872,274</u>

The accompanying notes to the financial statements are an integral part of this statement.

Town of Addis, Louisiana
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the year ended December 31, 2013 with summarized comparative totals for 2012

	- Business-type Activities -	
	Enterprise Fund - Sewer System	
	2013	2012
OPERATING REVENUES		
Charges for services	\$ 455,507	\$ 386,801
Installations	15,394	17,035
Impact fees	19,600	14,000
Miscellaneous income	700	950
	<hr/>	<hr/>
Total Operating Revenue	491,201	418,786
OPERATING EXPENSES		
Salaries and fringe benefits	216,610	194,158
Utilities	52,523	42,615
Operating expenses	55,391	91,048
Contract services	5,146	4,280
Depreciation	209,673	208,770
Administrative fees	7,125	7,233
Interest expense	6,413	6,509
	<hr/>	<hr/>
Total Operating Expense	552,881	554,612
	<hr/>	<hr/>
Operating Income (Loss)	(61,680)	(135,827)
	<hr/>	<hr/>
Change in net position	(61,680)	(135,827)
	<hr/>	<hr/>
Net position, beginning of year	4,872,274	5,008,101
	<hr/>	<hr/>
Net position, end of year	\$ 4,810,594	\$ 4,872,274
	<hr/>	<hr/>

The accompanying notes to the financial statements are an integral part of this statement.

Town of Addis
Statement of Cash Flows
Proprietary Fund
For the year ended December 31, 2013 with summarized comparative totals for 2012

	- Business-type Activities -	
	Enterprise Fund - Sewer System	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 470,773	\$ 436,833
Cash payments for goods and services	(119,549)	(141,441)
Cash payments for salaries and benefits	(216,610)	(194,158)
Net Cash Provided by (Used for) Operating Activities	<u>134,614</u>	<u>101,234</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from sewer revenue bonds	-	181,691
Acquisition and construction of capital assets	(31,913)	(228,507)
Principal payments on sewer revenue bonds	(73,000)	(72,000)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(104,913)</u>	<u>(118,816)</u>
 INCREASE (DECREASE) IN CASH	29,701	(17,582)
 CASH AND CASH EQUIVALENTS, BEGINNING	143,285	160,867
CASH AND CASH EQUIVALENTS, ENDING	<u><u>\$ 172,985</u></u>	<u><u>\$ 143,285</u></u>
 CASH AND CASH EQUIVALENTS:		
Unrestricted	\$ 45,419	\$ 42,771
Restricted	127,566	100,514
Total Cash and Cash equivalents	<u><u>\$ 172,985</u></u>	<u><u>\$ 143,285</u></u>
 RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
Operating income (loss)	\$ (61,680)	\$ (135,827)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:		
Depreciation	209,673	208,770
Net Changes in Assets and Liabilities -		
(Increase) decrease in accounts receivable - customers	(20,428)	18,047
(Increase) decrease in prepaid expenses	(5,956)	(489)
(Increase) decrease in inventory	8,088	24,571
Increase (decrease) in accounts payable	4,271	(13,749)
Increase (decrease) in accrued liabilities	646	(90)
Total adjustments	<u>196,294</u>	<u>237,061</u>
Net Cash provided by (used for) operating activities	<u><u>\$ 134,614</u></u>	<u><u>\$ 101,234</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

Town of Addis, Louisiana
Notes to the Financial Statements
As of and for the year ended December 31, 2013

Introduction

The Town of Addis was incorporated September 1915, under the provisions of Title 33, Chapter 2, Part 1, of the Louisiana Revised Statutes (Lawrason Act - Act No. 36 of 1898). The "Town" operates under a Mayor - Council form of government and provides the following services as authorized by its charter: public safety (police), highways and streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning and general administrative services.

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, issued in June 1999. The more significant accounting policies established in GAAP and used by the Town are discussed below.

1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial reporting entity consists of (a) the primary government (Town of Addis) (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 61, *The Financial Reporting Entity, Omnibus* established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the basic criteria are as follows:

- Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell and lease property in its own name.
- Whether the Town governing authority appoints a majority of board members of the potential component unit (or serves as board members of potential component unit as required by law) and whether operational responsibility for the potential component unit rests with the management of the primary government.
- Fiscal interdependency between the Town and potential component unit.
- Imposition of will by the Town on the potential component unit.
- Financial benefit/burden relationship between the Town and the potential component unit.

Based on the above criteria, the Town has no component units.

B. Basic Financial Statements -- Government Wide Statements

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Town's police, public works, and general administrative services are classified as governmental activities. The Town's sewer services are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position is reported in three parts: net investment in capital assets; restricted net position; and unrestricted net position.

Town of Addis, Louisiana
Notes to the Financial Statements
As of and for the year ended December 31, 2013

1. Summary of Significant Accounting Policies (Continued)

B. Basic Financial Statements – Government–Wide Statements (Continued)

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions and business-type activities. The functions are also supported by general government revenues (sales and use tax, franchise tax, and certain governmental revenues, etc). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants

Program revenues must be directly associated with the function (public safety, public works and general administration) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants column reports capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (sales and use tax, franchise tax, intergovernmental revenue, interest income, etc.).

This government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

C. Basic Financial Statements – Fund Financial Statements

The financial transactions of the Town are reported in individual funds in the financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses.

The emphasis in fund financial statements is on the major funds for either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The Town had no nonmajor funds.

Governmental Funds: The focus of the governmental fund's measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses and balances of current financial resources) rather than upon net income. Expendable assets are assigned to funds according to the purpose for which they may be used. Current liabilities are assigned to funds from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources that may be used to finance future period operations of the Town. The Town reports these major governmental funds and fund types:

General Fund - The General Fund is the main operating fund of the Town. It is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

Proprietary Fund Types: The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The Town reports the following proprietary fund types:

Enterprise Fund - Used to account for operations for which a fee is charged to external users for sewer services. The activities reported in this fund are reported as business-type activities in the government-wide financial statements.

Town of Addis, Louisiana
Notes to the Financial Statements
As of and for the year ended December 31, 2013

I. Summary of Significant Accounting Policies (Continued)

D. Basis of Accounting

Basis of Accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It related to the timing of the measurements made regardless of the measurement focus applied.

Accrual: Both the governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements are presented on the accrual basis of accounting. Non-exchange revenues, including intergovernmental revenues and grants, are reported when all eligibility requirements have been met. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual: The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Intergovernmental revenues and grants are recognized when all eligibility requirements are met and the revenues are available. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. Exceptions to this general rule include principal and interest on general obligation long-term debt and employee vacation and sick leave, which are recognized when due and payable.

E. Cash and cash equivalents

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

F. Investments

State law and the Town's investment policy allow the Town to invest in collateralized certificates of deposit, government backed securities, state sponsored investment pool, and mutual funds consisting solely of government backed securities. Investments are reported at their fair value.

G. Receivables

All receivables are reported net of estimated uncollectible amounts.

H. Inventories and Prepaid Items

All inventories are valued at cost. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and business-type fund financial statements.

Expenditures by the governmental funds for insurances or similar services that extend over more than one reporting period are not required to be allocated, but may be accounted for as expenditures in the period paid and is known as the non-allocation method. The Governmental Fund - General Fund - fund financial statements utilizes the non-allocation method.

Town of Addis, Louisiana
Notes to the Financial Statements
As of and for the year ended December 31, 2013

1. Summary of Significant Accounting Policies (Continued)

I. Capital Assets

Capital assets, which include property, plant equipment, and infrastructure assets (e.g. roads, bridges, sidewalk and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received.

Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. The Town maintains a threshold level of \$2,000 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the current fiscal year no interest was incurred in the capitalized projects.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	40 Years
Building improvements	20 Years
Improvements other than buildings	20 Years
Sewer system	40 - 43 Years
Mowers, tractors and attachments	10 - 15 Years
Fire trucks	15 Years
Fire fighting equipment	10 Years
Light trucks & equipment	5 Years

J. Compensated Absences

Employees of the Town earn vacation or sick leave at varying rates based upon length of service. Vacation leave is non-cumulative; any unused vacation not taken by December 31, is lost. Unused personal/sick leave may be carried into the first ninety days of the subsequent year; any unused personal/sick leave not taken by March 31 is lost. Any unused personal/sick leave is immaterial; therefore, no accrual has been made.

K. Long-term Obligations

In the government-wide financial statements, and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

Town of Addis, Louisiana
Notes to the Financial Statements
As of and for the year ended December 31, 2013

1. Summary of Significant Accounting Policies (Continued)

L. Fund Equity

Government-wide and proprietary fund net position are divided into three components:

- Net investment in capital assets -- consist of historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets, plus deferred outflows of resources less deferred inflows of resources related to those assets.
- Restricted net position -- consist of assets that are restricted by the Town's creditors, by state enabling legislation, by grantors, and by other contributors, less related liabilities and deferred inflows of resources.
- Unrestricted -- all other net position are reported in this category.

Fund Financial Statements

In the governmental fund financial statements, fund balances are classified as follows:

- Nonspendable -- Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- Restricted -- Amounts that can be spent only for specific purposes because of the Town Code, state or federal laws, or externally imposed conditions by grantors or creditors
- Committed -- Amounts that can be used only for specific purposes determined by a formal action by Town ordinance or resolution.
- Assigned -- Amounts that are designated by the Mayor for a particular purpose but are not spendable until a budget ordinance is passed or there is a majority vote approval (for capital projects or debt service) by Town Board of Councilmen
- Unassigned -- All amounts not included in other spendable classifications.

M. Use of Restricted Resources

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Town's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the Town's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications-committed and then assigned fund balances before using unassigned fund balances.

N. Interfund Activity

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces it cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Town of Addis, Louisiana
Notes to the Financial Statements
As of and for the year ended December 31, 2013

1. Summary of Significant Accounting Policies (Continued)

O. Comparative Data

The financial statements include prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Town's financial statements for the year ended December 31, 2012 from which the summarized information was derived.

P. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

Q. Defining Operating Revenues and Expenses

The Town's proprietary fund distinguishes between operating and non-operating revenues and expenses. Operating revenues and expenses of the Town's sewer fund consists of charges for services (including system development charges) and the costs of providing those services, including depreciation. All other revenues and expenses are reported as non-operating.

R. Deferred Outflows of Resources and Deferred Inflows of Resources and Net Position

In December 2010, the GASB issued Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures.

In addition to assets, the statement of financial position or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The Town has no items that qualify for reporting in this category.

Town of Addis, Louisiana
Notes to the Financial Statements
As of and for the year ended December 31, 2013

2. Stewardship, Compliance and Accountability

The Town follows these procedures in establishing the budgetary data reflected in these financial statements:

- A proposed budget is prepared and submitted by the Mayor to the Board of Councilmen prior to the beginning of each fiscal year. The proposed budget is published in the official journal and made available for public inspection. A public hearing is called to obtain taxpayer comments.
- The budget is adopted through passage of an ordinance prior to commencement of the fiscal year for which the budget is being adopted.
- Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require approval from the Board of Councilmen.
- Budgets for the General is adopted on a GAAP basis therefore these funds utilize the same basis of accounting for both budgetary purposes and actual results. The Budgetary Comparison Schedule presents a comparison of budgetary data and actual results of operations for which budgets are legally adopted.
- All budgetary appropriations lapse at the end of each fiscal year.
- The level of budgetary control is total appropriations.

3. Deposits

At December 31, 2013, the Town had deposits (book balances) totaling \$1,132,465, detailed as follows:

	2013
Cash on hand	\$ 366
Demand deposits	192,482
Interest-bearing demand deposits	711,802
Savings	17,223
Money Market Accounts	76,401
Non-negotiable CDs	134,192
	<u>\$ 1,132,465</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, (or resulting bank balances must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2013, the Town had \$1,201,587 in deposits (collected bank balances). These deposits were secured from risk by \$557,996 in federal deposit insurance and \$567,191 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3). Deposits in the amount of \$76,401 were insured by SPIC.

Town of Addis, Louisiana
Notes to the Financial Statements
As of and for the year ended December 31, 2013

4. Investments

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by municipality or its agent in the municipality's name
2. Uninsured and unregistered, with securities held by the counter party's trust department or agent in the municipality's name.
3. Uninsured and unregistered, with securities held by the counter party, or by its trust department or agent but not in the municipality's name

Interest Rate Risk: The Town has no formal policy regarding interest rate risk.

At fiscal year-end, the Town's investment balances were as follows:

<u>Investments not subject to Collateralization</u>		<u>Carrying Amount</u>				<u>Total</u>	
		<u>Maturities</u>	<u>Fair</u>	<u>Amortized</u>		<u>Carrying</u>	
			<u>Value</u>	<u>Cost</u>	<u>Cost</u>		<u>Amount</u>
Government Securities:							
Federal Home Loan Bank	6/12/2020	\$	56,012	\$	50,921	\$	56,012
Federal National Mtg Assn.	7/16/2032		53,332		61,080		53,332
U. S. Treasury Note	8/15/2014		70,164		70,417		70,164
U. S. Treasury Note	6/15/2015		75,158		75,145		75,158
Totals		\$	254,665	\$	257,563	\$	254,665

5. Receivables

The following is a summary of receivables for December 31, 2013:

Class of Receivable	Governmental	Business -	Total
	Activities	Type	
	General	Proprietary	
	Fund	Fund	
Taxes:			
Franchise	\$ 92,853	\$ -	\$ 92,853
Intergovernmental:			
Parish sales tax	153,429	-	153,429
State video poker tax	733	-	733
State beer tax	635	-	635
State grant - I.GAP	8,653	-	8,653
Accrued interest	1,092	-	1,092
Customer Accounts	-	37,696	37,696
	\$ 257,395	\$ 37,696	\$ 295,091

Town of Addis, Louisiana
Notes to the Financial Statements
As of and for the year ended December 31, 2013

6. Capital Assets Summary

Governmental Activities	Balance 12/31/2012	Increases	Decreases	Balance 12/31/2013
Non-depreciable: Land	\$ 208,338	\$ -	\$ -	\$ 208,338
Construction in progress	12,271	-	(12,271)	-
Total Non-depreciable	220,609	-	(12,271)	208,338
Depreciable:				
Improvements other than buildings	1,872,606	188,966	-	2,061,572
Buildings	844,006	-	-	844,006
Historical Railroad Park	771,457	-	-	771,457
Museum	196,669	-	-	196,669
Water system	1	-	-	1
Furniture & fixtures	33,182	-	-	33,182
Vehicles - Town	25,254	-	-	25,254
Machinery & equipment	406,352	3,500	-	409,852
Website	9,870	12,195	(9,870)	12,195
Works of Art	9,343	-	-	9,343
Fire Department Vehicles	229,175	-	-	229,175
Police Department Equipment	122,271	-	-	122,271
Police Department Vehicles	355,231	30,685	(60,119)	325,798
Total Depreciable	4,875,416	235,346	(69,989)	5,040,774
Total Assets	5,096,025	235,346	(82,259)	5,249,112
Less: Accumulated depreciation				
Improvements other than buildings	359,864	100,058	-	459,922
Buildings	368,704	20,570	-	389,274
Historical Railroad Park	64,679	37,962	-	102,640
Museum	65,002	5,364	-	70,366
Water system	1	-	-	1
Furniture & fixtures	33,130	-	-	33,130
Vehicles - Town	20,354	2,800	-	23,154
Machinery & equipment	244,850	24,646	-	269,497
Website	9,870	3,049	(9,870)	3,049
Works of Art	9,343	-	-	9,343
Fire Department Vehicles	227,698	-	-	227,698
Police Department Equipment	80,696	6,997	-	87,693
Police Department Vehicles	276,629	42,238	(48,767)	270,100
Total Accumulated Depreciation	1,760,822	243,683	(58,637)	1,945,868
Net Book Value	3,114,594			3,094,906
Governmental Activities Capital Assets, net	<u>\$ 3,335,203</u>			<u>\$ 3,303,244</u>

Depreciation expense charged to functions of the primary government as follows:

General government	\$ 66,944
Public safety	49,235
Public services	127,504
Total Depreciation expense	<u>\$ 243,683</u>

Town of Addis, Louisiana
Notes to the Financial Statements
As of and for the year ended December 31, 2013

6. Capital Assets Summary (Continued)

The following is a summary of the changes in property, plant and equipment of the Enterprise Fund -- Sewer System for the year ending December 31, 2013:

	Balance <u>12/31/2012</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>12/31/2013</u>
Business-like activities:				
Non-depreciable				
Land	\$ 16,755	\$ -	\$ -	\$ 16,755
Land rights	42,921	-	-	42,921
Construction in progress	-	-	-	-
Total Non-Depreciable	<u>59,676</u>	<u>-</u>	<u>-</u>	<u>59,676</u>
Depreciable:				
Buildings	82,419	-	-	82,419
Sewer facility	8,270,112	31,913	-	8,302,024
Machinery & equipment	276,069	-	-	276,069
Vehicles	40,819	-	-	40,819
Total Depreciable	<u>8,669,418</u>	<u>31,913</u>	<u>-</u>	<u>8,701,330</u>
Total Assets	<u>8,729,094</u>	<u>31,913</u>	<u>-</u>	<u>8,761,006</u>
<u>Less: Accumulated depreciation</u>				
Buildings	6,234	2,113	-	8,347
Sewer facility	2,298,350	197,444	-	2,495,794
Machinery & equipment	241,486	5,728	-	247,214
Vehicles	33,141	4,387	-	37,528
Total Accumulated Depreciation	<u>2,579,211</u>	<u>209,673</u>	<u>-</u>	<u>2,788,884</u>
Net Book Value	<u>6,090,207</u>			<u>5,912,447</u>
Business-type Activities Capital Assets, net	<u>\$ 6,149,884</u>			<u>\$ 5,972,123</u>

Town of Addis, Louisiana
Notes to the Financial Statements
As of and for the year ended December 31, 2013

7. Long-Term Liabilities

Long-term liability activity for the year ending December 31, 2013, is as follows:

Type of Debt	Balance at 12/31/2012	Additions	Deductions	Balance at 12/31/2013	Amounts Due In One Year
Business-like activities -					
Sewer revenue bonds	\$ 1,425,000	\$ -	\$ (73,000)	\$ 1,352,000	\$ 74,000
Total Business-like activities	\$ 1,425,000	\$ -	\$ (73,000)	\$ 1,352,000	\$ 74,000

On November 10, 2010, the Town issued Sewer Revenue Bonds, Series 2010 in the amount of \$1,569,060 for the purpose of paying the costs of constructing and acquiring improvements and extensions to the Town's sewer system. The bonds were purchased by the Louisiana Department of Environmental Quality financed by the Clean Water State Revolving Fund. Purchase price of the bonds are distributed to the Town in installments as construction progresses, as of December 31, 2012 the Town had received \$1,569,060. The Wastewater Treatment Facility phase of the project was completed during 2011 and the Pump Station and Force Main phase was completed in 2012.

The annual maturities for the bonds for the years subsequent to December 31, 2013 are as follows:

Year Ending December 31,	Principal	Interest	Admin Fee.	Total
2014	\$ 74,000	\$ 6,084	\$ 6,760	\$ 86,844
2015	74,000	5,751	6,390	86,141
2016	75,000	5,418	6,020	86,438
2017	76,000	5,081	5,645	86,726
2018	76,000	4,739	5,265	86,004
2019-2030	977,000	29,088	32,320	1,038,408
	\$ 1,352,000	\$ 56,160	\$ 62,400	\$ 1,470,560

8. Inter-fund Transactions

	Receivable Fund	Payable Fund	Amount
Due To/From Other Funds:	General Fund	Enterprise Fund	\$ 74,246

The purpose of loans by General Fund to the Proprietary Fund-Sewer was for capital additions comprised of a maintenance building located at the sewer plant. No timeframe for repayment has been established.

Town of Addis, Louisiana
Notes to the Financial Statements
As of and for the year ended December 31, 2013

9. Restricted Assets

The bond ordinance for the Sewer Revenue Bonds, Series 2010 requires the creation of the following accounts:

- Sewer Revenue Bond and Interest Sinking Fund which must be funded by making monthly deposits equal to the principal, interest and administrative fee for such month to be used for the payment of bonds, interest and administrative fee when they become due.
- Sewer Revenue Bond Reserve Fund to be retained solely for the purpose of paying principal of and interest on bonds payable to which there would otherwise be default by depositing each month a sum equal to at least 25% of the amount deposited in the Sewer Revenue Bond and Interest Sinking Fund until a balance of \$86,387 is achieved.
- Sewer Depreciation Additions and Contingency Fund to care for extensions, additions, improvements, renewals and replacements necessary to properly operate the System by depositing an amount equal to 5% of the net revenues for the preceding month provided the sum is available after meeting the first two requirements, until a balance of \$150,000 is achieved.

Account balances as of December 31, 2013 are as follows:

Account Name	Balance
Sewer Bond & Interest Sinking Fund	\$ 31,977
Sewer Revenue Reserve Fund	74,103
Sewer Depreciation, Additions & Contingency Fund	21,487
Total	<u>\$ 127,566</u>

10. Pension Plan

Plan Description Police employees of the Town of Addis are members of the state retirement system for municipal police employees, a cost sharing multiple-employer public employee retirement system. Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211-11:2233. Any member is eligible for normal retirement after he has been a member of the System for 1 year, if he has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55. Benefits rates are 3 1/3% of average final compensation per number of years of creditable service no to exceed 100% of final salary. The plan also provides for disability benefits calculated a 3% of average final compensation multiplied by years of creditable service, but not less than forty percent nor more than sixty percent of average final compensation. The Municipal Police Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for MPERS. The report may be obtained by calling 1-225-929-7411.

Funding Policy The payroll for employees covered by the System for the year ended December 31, 2013 was \$410,298, the Town's total payroll was \$958,961. Covered employees are required by State statute to contribute 10% of their salary to the plan. The Town is required by the same statute to contribute the remaining amounts necessary to pay benefits when due. The contribution requirements for the years ended December 31, 2013, 2012 and 2011 were \$168,222, \$153,363, and \$115,699, respectively. The 2013 contribution of \$168,222, consisted of \$127,192 from the Town and \$41,030 from employees; the Town contribution represents 31% and employee contribution of 10% of covered payroll.

Town of Addis, Louisiana
Notes to the Financial Statements
As of and for the year ended December 31, 2013

11. Deferred Compensation Plan

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all permanent Town employees, permits them to defer until future years up to 100% of annual compensation not to exceed, \$15,000 in 2006 adjusted thereafter for cost of living adjustments in \$500 annual increments up to age 50; participants age 50 and over are eligible for catch-up contributions provided the catch-up contributions do not exceed the catch-up limit for the taxable year. The Town contributes on behalf of its employees based upon employee contributions with a match of 20.1%. The Town also contributes an additional annual contribution for participating full time employees of \$1,500, except for policemen. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. In accordance with GASB No. 32, the Town is no longer required to report the plan in its financial statements.

12. Intergovernmental Agreements

Fire Protection Sub-District No. 1 of West Baton Rouge -

The Town entered into a local services agreement with the Sub - District in January 1992 to provide fire protection within the Town of Addis. Under the terms of the agreement, the Town has agreed to do the following:

- Lease 2 fire trucks belonging to the Town and for the use of the Addis Volunteer Fire Department to the Sub - District, provided that the Sub - District shall bear the cost of insurance coverage on all vehicles, equipment and supplies, said coverage to be approved by the Town with certificates of such insurance to be presented.
- Permit the Sub - District to use the Town's existing fire stations and Old Town Hall during the term of the agreement, provided that the Sub - District shall provide insurance coverage thereon at least equal to the amount which the Town has in force on the date of the agreement and further provided that the Town is listed as an additional insured on the policy. However, insurance costs as to Station #2 shall be fifty (50%) percent to Town and Fifty (50%) percent to Sub District

At December 31, 2013, the Town owed the Fire Sub - District \$1,126 which is reported as "Due to Other Governments". As of July 1, 2014, all West Baton Rouge Fire Sub-Districts will be operated by the West Baton Rouge Parish Council.

West Baton Rouge Parish Natural Gas and Water Systems -

A service agreement is in effect between West Baton Rouge Parish and the Town in which the Parish agrees to bill and collect sewer fees from water customers served by the Town sewer system. The sewer rates are based on water usage, and customers may have their water service discontinued for non-payment of sewer fees. The amount due from the Parish for customer sewer fees billed through December 31, 2013 was \$37,696.

13. Sewer User Fees

Charges for sewer use are as follows:

\$14.00 plus \$1.50 per 1,000 gallons after 4,000 for residential and
\$24.00 plus \$1.50 per 1,000 gallons after 4,000 for non-residential

Town of Addis, Louisiana
Notes to the Financial Statements
As of and for the year ended December 31, 2013

14. Economic Dependence

The Town of Addis received 90% of its total revenue from parish sales tax.

15. Fund Balance

Fund balance is classified as nonspendable, restricted, committed, assigned and /or unassigned based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resourced in the governmental funds (See Note 1- L). The constraints placed on fund balance for the major governmental funds are presented as follows:

	General Fund	Total Governmental Funds
Fund Balances -		
Unassigned	\$ 1,484,885	\$ 1,484,885
Total Fund balances	<u>\$ 1,484,885</u>	<u>\$ 1,484,885</u>

16. Compensation Paid to the Government Officials

	Salary
Mayor -	
David H. Toups	\$ 57,920
Council Members -	
Russell L. Parish	7,500
Wilson E. Cazes	7,500
Lance S. Gauthreaux	7,500
Rhonda L. Kelly	7,500
Fate G. Acosta	7,500
Total	<u>\$ 95,420</u>

17. Risk Management

The Town of Addis is exposed to various risks of loss for which the Town carries commercial insurance. There have been no reductions in insurance coverage during the last year. Settled claims have not exceeded coverage in the last three years.

18. Contingencies and Commitments

Litigation - In the opinion of the Town's management, after consultation with legal counsel, the potential loss for any claims and lawsuits will not materially affect the Town's financial position.

19. Subsequent Events

Subsequent events were evaluated through August 29, 2014 which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION
Budgetary Comparison Schedules

Town of Addis, Louisiana
Budgetary Comparison Schedule
General Fund

For the Year Ended December 31, 2013 with summarized comparative totals for 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>	
			<u>(Budgetary Basis)</u>	<u>Over (Under)</u>	<u>2012</u>
REVENUES					
<i>Taxes and license -</i>					
Occupational license	\$ 100,000	\$ 108,000	\$ 107,936	\$ (64)	\$ 92,868
Building permits	35,000	38,000	45,990	7,990	40,125
Trailer moving permits	150	150	145	(5)	150
Bartender permits	100	100	-	(100)	89
<i>Franchise fees -</i>					
Entergy	180,000	165,000	164,148	(852)	132,244
Cable television	16,000	16,000	53,065	37,065	49,093
Telephone	500	2,500	4,551	2,051	2,056
<i>Intergovernmental -</i>					
Sales tax - Parish	825,000	875,135	921,819	46,684	909,513
Sales tax - District	825,000	889,000	946,805	57,805	909,513
State of Louisiana Beer tax	2,300	2,300	2,589	289	2,744
State of Louisiana Video Poker tax	5,000	5,165	8,073	2,908	10,282
Capital District Law Enforcement Grant	500	-	-	-	-
Emergency Task Force Grant	1,000	1,760	1,760	(0)	1,800
LGAP grant	35,000	20,000	20,000	-	-
State of Louisiana Visitor Enterprise Fund	-	8,200	-	(8,200)	25,000
<i>Charges for services -</i>					
Highway maintenance	7,400	7,400	6,860	(540)	6,860
Rental - Civic Center	4,500	4,500	4,910	410	3,990
Planning and zoning	500	500	500	-	-
Grass mowing - Town	100	100	-	(100)	-
Fines and forfeitures	90,000	90,000	98,579	8,579	102,072
Investment income	1,000	1,000	(5,030)	(6,030)	5,810
Sale of fixed assets	1,000	1,000	500	(500)	-
Miscellaneous - Police	500	-	500	500	-
Miscellaneous	1,500	1,500	2,152	652	3,884
Amounts Available for Appropriation	2,132,050	2,237,310	2,385,854	148,544	2,298,093
EXPENDITURES					
<i>Current expenditures -</i>					
General administration	705,600	678,910	642,076	36,834	670,656
Public safety - Police	927,650	989,950	993,792	(3,842)	930,872
Public works - Streets & sanitation	400,900	492,150	340,402	151,748	322,068
Public works - Drainage	44,400	27,300	19,883	7,417	20,174
<i>Capital outlay</i>					
General administration	32,000	13,000	12,195	805	96,332
Public safety - Police	10,000	31,000	30,685	315	26,824
Public works - Streets & sanitation	5,000	1,000	145,003	(144,003)	29,605
Public works - Drainage	6,000	4,000	35,192	(31,192)	-
Debt service	-	-	-	-	10,000
Total expenditures	2,131,550	2,237,310	2,219,228	18,082	2,106,532
Excess (Deficiency) of Revenues over Expenditures	500	-	166,626	166,626	191,561

Town of Addis, Louisiana
Budgetary Comparison Schedule
General Fund

For the Year Ended December 31, 2013 with summarized comparative totals for 2012

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget	
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Over (Under)</u>	<u>2012</u>
Transfers In/(Out)					
Enterprise Fund - Sewer System	-	-	-	-	-
Total Transfers In/(Out)	-	-	-	-	-
Net Change in Fund Balance	<u>\$ 500</u>	<u>\$ -</u>	166,626	166,626	191,561
Beginning Fund Balance			1,318,259	(1,318,259)	1,126,697
Ending Fund Balance			<u>\$ 1,484,885</u>	<u>\$ (1,151,633)</u>	<u>\$ 1,318,259</u>

Notes:

The Original and Final Budget's are prepared using the Modified Accrual Basis of Accounting
Fund balances beginning and ending were not included in original or amended budget

INFORMATION REQUIRED BY GOVERNMENT AUDITING STANDARDS

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Bueche, LA 70729

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Louisiana Society of CPA's

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FAX (225) 627-4584

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF THE BASIC FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Honorable Mayor and
Members of the Town Council
Town of Addis, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities and each major fund of the Town of Addis, Louisiana (the "Town"), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued my report thereon dated August 29, 2014.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, we considered Town of Addis, Louisiana's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Addis, Louisiana's internal control. Accordingly, I do not express an opinion on the effectiveness of Town of Addis, Louisiana's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, I identified certain deficiencies in internal control that I consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. I consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses listed as Items 2013-1, 2013-2.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. I consider the deficiencies described in the accompany schedule of findings and questioned costs to be significant deficiencies listed as Item 2013-1 and 2013-2.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as Items 2013-1 and 2013-2.

Town of Addis, Louisiana's Response to Findings

The Town of Addis, Louisiana's response to the findings identified in my audit is described in the accompanying schedule of findings and responses. The Town of Addis, Louisiana's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express not opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

W. Kathleen Beard

Certified Public Accountant
August 29, 2014

Town of Addis, Louisiana
Schedule of Findings and Responses
As of and for the year ended December 31, 2013

Section I. Summary of Audit Results

Financial Statements

Type of auditor's report issued: Unmodified

Report on Internal Control and Compliance Material to the Financial Statements

- Material Weaknesses ☒ Yes ☐ No Significant deficiencies ☐ Yes ☒ No
- Noncompliance Material to the Financial Statements ☒ Yes ☐ No

Federal Awards

N/A Federal awards below \$500,000 threshold required by OMB Circular A- 133

Management Letter

No management letter issued.

Section II – Financial Statement Findings

2013-1 Budget document presented to governing board for adoption and made available to the public did not contain all required information

Condition: The budget document presented to the town council for adoption, and made available for public inspection did not include certain elements required by RS 39:1301-1315. Specifically, the budget document did not include a clearly presented side-by side detailed comparison of information for the current year including: fund balances at the beginning and end of year, comparisons of year to date actual revenues and expenditures, estimates of revenues and expenditures for the remainder of the year, and no budget message was included.

Criteria: LRS 39:1305 specifies what information must be included in the budget.

Cause: The cause of the finding was a lack of policies and procedures necessary to achieve adequate internal control related to budget adoption procedures.

Effect: Violation of LRS 39:1305.

Recommendation: Comply with all applicable aspects of the Local Government Budget Law.

2013-2 Audit was not completed by statutory deadline of June 30, 2014

Condition: The auditor failed to complete and submit the audit within the timeframe required by the State audit law.

Criteria: La RS 25:513 requires that an audit to be completed and submitted to the Office of the Legislative Auditor within six months of the close of the fiscal year.

Cause: The auditor had serious family medical issues that impaired her ability to complete the audit by the deadline.

Effect: Violation of LRS 25:513

Recommendation: No recommendations.

MAYOR

David H. Toups

STAFF

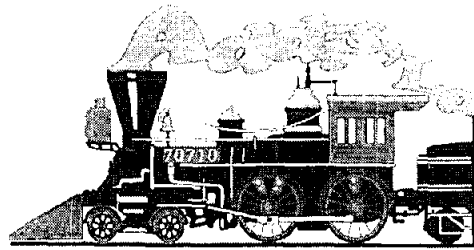
Vera L. Lucas, Clerk

Sandra "Henry" Broussard, Asst. Clerk

Dana Strauss, Sec.

Dana K. Larpenteur, Atty.

John Arigue, DAW



Town of Addis

COUNCILOR

Russell Pernish, Pro-Temp

Wilson "Hook" Cazes

Lance "Yogi" Gauthreaux

Tate G. Acosta

Rhonda Keley

POLICE CHIEF

Richard "Ricky" Anderson

"2013-1 Budget document presented to governing board for adoption and made available to the public did not contain all required information."

Management's Response:

The Town of Addis acknowledges that the budget document made available for public inspection did not include side by side detailed comparison of information for current year including: fund balances at the beginning and end of the year, comparisons of year to date actual revenues and expenditures, estimates of revenues and expenditures for the remainder of the year although it was a part of the budget preparation process between the Mayor and Town Council as well as anyone who may have attended a Financial Committee or Town meeting when the budget was discussed. These documents will be included in the packet made available for public inspection.

The Town of Addis acknowledges that although a written budget message was not included as part of the budget approved, it was stated in the public meeting as to how the budget was prepared including the above information and the Town of Addis will now include written budget messages as a part of its budget instead of an oral budget message.

"2013-2 Audit was not completed by statutory deadline of June 30, 2014."

Management's Response:

The Town of Addis acknowledges that an extension had to be requested for the Audit due to serious family medical issues that impaired our Auditor's ability to complete the audit by the deadline. We will continue to prepare and make available all financial statements in a timely manner and will demand Audits to be completed and submitted timely.

David Toups

Mayor

Date: September 10, 2014

**Town of Addis, Louisiana
Schedule of Prior Year Findings
December 31, 2013**

No prior year findings